Supreme Court, U.S.
FILED

No. 94-1748

IN THE
Supreme Court of the United States
OCTOBER TERM, 1994

KEN LUKER,
Petitioner,

v.

THE AKRO CORPORATION,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

Respondent The Akro Corporation ("Akro") generally objects to Petitioner Ken Luker's ("Luker") statement of the questions presented as being argumentative and without foundation in the underlying record. Akro further objects to Luker's statement of the first question presented as it is based on the incorrect premise that the Federal Circuit Court of Appeals disregarded "the traditional due process analysis established by the regional circuits." Similarly, Akro objects to Luker's second question presented as it misstates the legal analysis performed by the Federal Circuit. Finally, Akro objects to Petitioner's statement of the third question presented as it omits relevant facts from the undisputed factual record before the court below, thereby distorting the foundation of the decision of the Federal Circuit. Accordingly, Respondent restates the questions presented as follows:

I. Whether the Federal Circuit was correct in applying its own law to determine if a district court has personal jurisdiction over an out-of-state patentee in a declaratory judgment action for patent invalidity and non-infringement, where the law applied by the Federal Circuit is consistent with Supreme Court precedent and the decisions of the regional circuits?

II. Whether the Federal Circuit considered the Ohio long-arm statute in concluding that the District Court could exercise personal jurisdiction over Luker?

III. Whether policy reasons justify crafting an exception to the Supreme Court's "minimum contacts" test of personal jurisdiction under the Due Process Clause?

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RESPONDENT'S BRIEF IN OPPOSITION

Respondent The Akro Corporation ("Akro")[1] respectfully opposes Petitioner Ken Luker's ("Luker") Petition for a Writ of Certiorari to review the judgment and opinion of the United States Court of Appeals for the Federal Circuit entered in this action on January 20, 1995.

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

As Luker failed to include the text of the Constitutional and statutory provisions involved in this petition, as required by this Court's Rule 14(f), the text of these provisions are included below for the Court's convenience.

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[1] The Akro Corporation is a wholly-owned subsidiary of Collins & Aikman Group, Inc. All of the common stock of Collins & Aikman Group, Inc. is owned by Collins & Aikman Holding Corp.

(1) *United States Constitution, Amendment V*

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or navel forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

(2) *Ohio Rev. Code Ann. § 2307.38.2(A)(1) & (6)*

(A) A court may exercise personal jurisdiction over a person who acts directly or by an agent, as to a cause of action arising from the person's:

(1) Transacting any business in this state;

. . .

(6) Causing tortious injury in this state to any person by an act outside this state committed with the purpose of injuring persons, when he might reasonably have expected that some person would be injured thereby in this state. . . .

STATEMENT OF THE CASE

The only issue currently before this Court is whether there are "special and important reasons" for this Court to review the Federal Circuit's January 20, 1995 decision in this matter. (S. Ct. R. 10.1(a)). As shown below, such review is clearly unwarranted as Luker's arguments are based on insupportable interpretations of the prior decisions of this Court and the regional circuits, mischaracterizations of the analysis performed by the Federal Circuit below, and assumed factual scenarios completely

distinct from the undisputed facts before the Federal Circuit. Furthermore, Luker never demonstrates that the errors allegedly committed below give rise to "important reasons" for this Court to review what is simply an unnoteworthy application of the law related to personal jurisdiction established by this Court. As Luker has neither demonstrated that an error was made below, nor that review by this Court is warranted, Akro respectfully submits that Luker's petition should be denied.

A. Luker's Dealings With Akro and Pretty Products.

Respondent Akro is an Ohio corporation that manufactures floor mats for the automobile industry. Petitioner Luker is an individual residing in Orange, California. Luker is the named inventor of U.S. Patent No. 4,871,602 ("the '602 patent"), which generally relates to vehicle floor mats having a band of higher density tufting.

The activities that gave rise to the present controversy first commenced on or about October 4, 1990 when Akro received a letter from Luker accusing Akro of "manufacturing auto floor mats using Luker's patent" and alleging that Akro's "use of this patent would be an infringement of his patent rights." The letter went on to warn that Luker would seek remedies including "injunctive relief, compensatory damages and attorneys' fees."

Thereafter, Akro and Luker, through their respective counsel, negotiated in an attempt to resolve the dispute arising from Luker's allegations. During and after these negotiations, Luker, through counsel, sent letters on six separate occasions between February 1991 and October 1993 reiterating his infringement accusations and/or threats that litigation would be instituted against Akro.[2]

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[2] Luker's petition continues to emphasize that only a single infringement letter was sent to Akro in Ohio, as the remaining six letters were mailed to Akro's attorneys in North Carolina. (Pet. p. 2). While the District Court apparently believed that the letters sent to Akro's North Carolina counsel were not directed at Ohio,

These threats created a cloud over Akro's business in Ohio and otherwise irreparably injured Akro in Ohio.

In March 1992, Luker granted Pretty Products ("Pretty") an exclusive license under the '602 patent. Pretty, a direct competitor of Akro, is an Ohio corporation that manufactures floor mats in Coshocton, Ohio. Luker does not dispute that he communicated with Pretty in Ohio while negotiating the terms of this license. Furthermore, the license with Pretty creates ongoing contacts between Luker and Ohio as it, *inter alia*, obligates Luker to protect Pretty against infringement of the '602 patent.[3] As such, the five letters which accused Akro of infringement and/or threatened litigation that Luker sent to Akro subsequent to March 1992 were all necessarily related to the ongoing contractual obligation Luker voluntarily entered into with Pretty in Ohio. Moreover, as Luker first threatened Akro *prior* to entering the license agreement with Pretty, he took on this contractual enforcement obligation *knowing* that it would require him to enforce the '602 patent on behalf of Pretty, an Ohio Corporation doing business in Ohio, against Akro, which also is an Ohio Corporation doing business in Ohio.

In addition to Luker's enforcement obligation under the license agreement, the relationship between Luker and Pretty also gives Pretty the opportunity to participate in litigation involving infringement of the '602 patent. In fact, one of Luker's threatening letters warned that Luker

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the Federal Circuit expressly rejected this argument, holding that all seven letters were "directed to Akro in Ohio" for purposes of the personal jurisdiction inquiry. (Pet. App. pp. 10a-11a). Luker has not challenged that finding in the present petition to this Court.

[3] Luker implies in his petition that the terms of the license were not properly before the Federal Circuit. (Pet. p. 3). This argument was rejected by the Federal Circuit, and as Luker has not challenged this finding in his petition for certiorari, those terms of the license agreement that were before the Federal Circuit and which are recited herein are properly before this Court.

"and/or his licensee intend to pursue [Akro's] infringement." Moreover, Pretty has consulted with and presumably encouraged Luker in his allegations against Akro.

B. The District Court and Federal Circuit Proceedings.

On October 15, 1993, Akro sued Luker for a declaratory judgment that the '602 patent is invalid, unenforceable, and not infringed by Akro. The lawsuit was prompted by Luker's repeated patent infringement accusations and litigation threats against Akro, which have created a cloud over Akro's right to manufacture floor mats and have caused uncertainty among Akro's customers and potential customers. This injury to Akro occurred in Ohio. As alleged in Akro's Complaint, it is these actions by Luker that have given rise to the justiciable controversy between the parties.

Luker did not respond to the allegations in Akro's complaint, but instead filed a Motion to Dismiss for Lack of Personal Jurisdiction. The District Court granted Luker's motion to dismiss on February 9, 1994. In so ruling, the District Court discounted the numerous infringement letters that Luker sent to Akro's patent counsel because Akro's counsel is located in North Carolina, thereby elevating form over substance and ignoring basic agency law.

A unanimous panel of the Court of Appeals for the Federal Circuit properly reversed the holding of the District Court. Following the test set out in *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 471-76 (1985), the Court examined Luker's contacts with Ohio to determine whether Luker " 'purposefully directed his activities at residents of' Ohio and, if so, whether 'the [present lawsuit] results from alleged injuries that arise out of or relate to those activities.' "[4] (Pet. App. p. 9a). Noting

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[4] As discussed *infra* in Section II of the argument and contrary to the second question Luker presents to this Court, before pro-

that Luker sent numerous warning letters to Akro in Ohio over a three year period, entered into an exclusive license agreement regarding the '602 patent with Pretty, an Ohio corporation, and created continuing obligations between himself and Pretty, the Court concluded that "*it could scarcely be more clear that Luker purposefully directed activities at residents of Ohio within the meaning of the due process inquiry mandated by Burger King.*" (Pet. App. p. 10a). (Emphasis added). The Court went on to note that these contacts, including the exclusive license agreement, "undoubtedly relate to Akro's challenge to the validity and enforceability of the '602 patent," and thus concluded that a finding of personal jurisdiction over Luker was proper under the *Burger King* test. (Pet. App. pp. 16a, 18a).

SUMMARY OF ARGUMENT

The present petition is based on mischaracterizations of the prior decisions of this Court and the regional circuits, misstatements of the analysis performed by the Federal Circuit below, and assumed factual scenarios completely distinct from the undisputed facts before the Federal Circuit. For example, contrary to Luker's assertion, the Federal Circuit expressly followed the personal jurisdictional analysis set out by this Court in *Burger King* and *Omni Capital Int. v. Rudolf Wolff*, 484 U.S. 97 (1987), and correctly concluded that under those tests the trial court could exercise jurisdiction over Luker. Moreover, the court's finding in this regard, while properly made under Federal Circuit law given the unique patent-related issues involved, is consistent with and supported by the decisions of the regional circuits. Simi-

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ceeding to the Constitutional analysis, the Federal Circuit first concluded, based on decisions of the Ohio courts and the Sixth Circuit Court of Appeals, that the District Court could properly maintain jurisdiction over Luker under the Ohio long-arm statute so long as such jurisdiction was consistent with due process. (Pet. App. pp. 5a-7a).

larly, it is beyond dispute that the Federal Circuit considered the Ohio long-arm statute in deciding the issue on appeal below. Luker's baseless contentions to the contrary ignore several pages of analysis in the Federal Circuit opinion which consider whether Luker was amenable to service under Ohio's long-arm statute, and in fact simply demonstrate the frivolous nature of the present petition. Finally, in asserting that the decision below will discourage patentees from providing notice to alleged infringers, Luker assumes, contrary to the undisputed facts in the present case, that his only contact with the forum was a single notice to Akro. Luker's contrived "policy" argument also ignores the strong interest a forum state has in discouraging patentees such as Luker from using groundless infringement allegations to inflict harm on competitors.

Moreover, contrary to the rules of this Court, Luker's petition never demonstrates that the errors allegedly committed below give rise to "important reasons" for review of what is simply an unremarkable application of the personal jurisdiction rules set out by this Court. As such, it is respectfully submitted that Luker's present petition should be denied as it neither demonstrates that an error was committed below, nor that review by this Court is warranted.

REASONS FOR DENYING LUKER'S PETITION

I. THE FEDERAL CIRCUIT PROPERLY CHOSE TO APPLY ITS OWN LAW IN DETERMINING THAT THE DISTRICT COURT HAD PERSONAL JURISDICTION OVER LUKER.

A. The Opinion Below Is Consistent With the Congressional Mandate Which Created the Federal Circuit as the Jurisdictional Analysis in Declaratory Judgment Suits for Patent Invalidity and Non-Infringement Necessarily Hinges on Factual Situations Unique to Patent Cases.

The Federal Circuit properly chose to apply its own law in determining that the District Court could exercise personal jurisdiction over Luker. Congress created the Federal Circuit, in part, to achieve greater uniformity in patent law and to free the judicial process from the forum shopping caused by conflicting patent decisions in the regional circuits. *Aerojet-General Corp. v. Machine Tool Works*, 895 F.2d 736, 744 n. 20 (Fed. Cir. 1990). Thus, the Federal Circuit only applies the law of the regional circuits in matters that are not unique to patent law and unimportant to the goal of achieving national uniformity in patent practice. *See, e.g., Genentech, Inc. v. Eli Lilly & Co.*, 998 F.2d 931, 937 (Fed. Cir. 1993), *cert. denied*, 114 S. Ct. 1126 (1994).

The decision below is consistent with this Congressional mandate as the issue of whether specific jurisdiction can be maintained over a defendant patentee in a declaratory judgment action for patent invalidity/noninfringement implicates patent issues. *See Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1564 (Fed. Cir.), *cert. dismissed*, 115 S. Ct. 18 (1994) (holding that the law of the Federal Circuit should be used to determine if the District Court has specific jurisdiction over a non-resident alleged infringer as the issue is "intimately related to substantive patent law"). For example, in declaratory judgment actions for patent invalidity/noninfringement, whether

the facts in a given case were sufficient to create a reasonable apprehension in the plaintiff that it will be sued for infringement, thereby establishing a justiciable "case or controversy," is clearly a patent related question. *See Genentech*, 998 F.2d at 936-37; *Spectronics Corp. v. H.B. Fuller Co.*, 940 F.2d 631, 633-34 (Fed. Cir. 1991), *cert. denied*, 502 U.S. 1013 (1991). Furthermore, in cases such as the present, the existence of a patent creates additional factual issues related to business transactions by the defendant based on a patent as the underlying property right. Accordingly, the Federal Circuit properly chose to apply its own law in deciding the jurisdictional issue on appeal so as to fulfill its obligation to provide uniformity on patent related issues.

In suggesting that the Federal Circuit erred in concluding that its own law applied, Luker relies on *Firestone Tire & Rubber Co. v. Risjord*, 449 U.S. 368 (1981), *Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770 (1984) and *Panduit Corp. v. Allstates Plastic Mfg.*, 744 F.2d 1564 (Fed. Cir. 1984). None of these cases supports Luker's contentions. *Firestone*, which Luker miscites as stating that the Federal Circuit "exceeded its statutory mandate" by "developing its own body of personal jurisdiction law" in fact is completely unrelated to personal jurisdiction and simply holds that an appellate court cannot hear an appeal if it lacks jurisdiction. (Pet. p. 7). Similarly, the section of *Keeton* relied on by Luker simply states that any fairness concerns that arise from applying the New Hampshire statute of limitations to all aspects of a nationwide lawsuit are separate and distinct from the personal jurisdiction inquiry.[5] Finally, *Panduit* expressly recognizes that even procedural questions, if unique to

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[5] Luker cites *Keeton* for the proposition that "*choice of law* is a procedural rather than a substantive issue." (Pet. p. 7). (Emphasis added). It is unclear how such a proposition, even if found in *Keeton*, supports Luker's argument that the Federal Circuit exceeded its mandate by applying its own law in resolving the *personal jurisdiction* question at issue here.

patent issues, should be decided under Federal Circuit law. *See Panduit*, 744 F.2d at 1574-75. Thus, in fact, Luker has failed to point to *any* authority that holds application of the law of the Federal Circuit was improper in this case.

B. The Federal Circuit's Decision in *Arko* Is Consistent With Supreme Court Precedent and the Law of the Regional Circuits.

While the Federal Circuit correctly decided the instant case under its own law, its ruling was guided by, and consistent with, both the controlling precedent of this Court and the decisions of the regional circuits. Specifically, the Federal Circuit expressly followed the personal jurisdiction analysis set out by this Court in *Burger King* and *Omni Capital*, and concluded that under those tests the "trial court erred in concluding that exercising personal jurisdiction over Luker would transgress the boundary Fifth Amendment due process circumscribes for such exercise." (Pet. App. pp. 2a, 5a-16a). Moreover, the only Sixth Circuit case cited to the Federal Circuit by either party that involved a factual scenario similar to the case at bar held that the exercise of personal jurisdiction over the defendant was proper. *See Welsh v. Gibbs*, 631 F.2d 436 (6th Cir.), *cert. denied*, 450 U.S. 981 (1981). As such, it is clear that the Federal Circuit would have reached an identical result applying Sixth Circuit law, as both the Federal Circuit and the Sixth Circuit are constrained to apply the due process analysis set forth by this Court, and as both circuits have found that under such an analysis jurisdiction is proper in factual situations similar to the present case.

In light of the Federal Circuit's express analysis of the due process issue under the *Burger King* standard, Luker's assertion that the *Akro* decision adopts a "new law of personal jurisdiction" that conflicts with "the U.S. Supreme Court['s] and the regional circuits uniform approach to personal jurisdiction in these circumstances" is

clearly incorrect. (Pet. pp. 9, 13). To the contrary, as discussed *supra*, the decision below expressly followed this Court's precedent. The Federal Circuit's decision is also consistent with numerous regional circuit decisions that found personal jurisdiction in similar circumstances. *See, e.g., B & J Manufacturing Co. v. Solar Industries, Inc.*, 483 F.2d 594, 598 (8th Cir. 1973), *cert. denied*, 415 U.S. 918 (1974) (relying primarily on infringement letters in holding that the District Court could exercise personal jurisdiction over a non-resident patentee); *Nova Biomedical Corp. v. Moller*, 629 F.2d 190 (1st Cir. 1980) (finding personal jurisdiction based on a cease and desist letter, a letter threatening suit, a license agreement with another company in the forum state, and sales of unrelated products in the forum).

Although Luker never supports his contention that the opinion below conflicts with this Court's precedent, Luker does argue that *Akro* conflicts with the Tenth Circuit's decision in *Hydraulics Unlimited Mfg. v. B/J Mfg.*, 449 F.2d 775 (1971), and dicta in the Eighth Circuit's decision in *Land-O-Nod Co. v. Bassett Furniture Indus.*, 708 F.2d 1338 (1983). However, both of these cases were expressly considered by the Federal Circuit and neither case supports Luker's argument. As recognized by the Federal Circuit, *Hydraulics* was not decided under the due process clause and thus provides no insight into what actions by a non-resident defendant are sufficient to meet this Court's "minimum contacts" test under the due process clause. Similarly, the Federal Circuit also recognized that the *Land-O-Nod* court's "observation" concerning *B & J Manufacturing* was simply incorrect, as the *B & J Manufacturing* court expressly found that the defendant's contacts with the forum were sufficiently related to the cause of action to satisfy due process. Furthermore, *Land-O-Nod* involved a factual scenario distinct from the factual situation before this court and thus simply does not support Luker's assertion that the Federal Circuit is in conflict with the Eighth Circuit.

Luker's contention that the decision below will create confusion and cause disparate decisions is similarly unfounded. In presenting this argument, Luker assumes that the regional circuits already decide personal jurisdiction issues in patent cases in a uniform manner. (See Pet. p. 13 stating that "the regional circuits have already established a uniform approach to personal jurisdiction in these circumstances.") However, in a different section of the petition, Luker admits that the analysis of personal jurisdiction "differ[s] from state to state in a regional circuit . . . [and] amongst the regional circuits." (Pet. p. 6). Irregardless of Luker's conflicting views on this issue, it is indisputable that the Federal Circuit's application of its own rules in this area, in a manner consistent with this Court's precedent, will promote uniformity in the law and provide clear guidance to District Courts' grappling with the issue of personal jurisdiction in patent actions.[6]

II. THE FEDERAL CIRCUIT EXPRESSLY CONSIDERED THE OHIO LONG-ARM STATUTE AND CORRECTLY CONCLUDED THAT THE DISTRICT COURT COULD EXERCISE PERSONAL JURISDICTION OVER LUKER PURSUANT TO THAT STATUTE.

Luker argues that the Federal Circuit erred by "deciding that henceforth there is no need to conduct an analysis to determine whether the requirements of the Ohio long-arm statute have been satisfied." (*See* Pet. p. i,

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[6] Luker's contention that the *Akro* decision will allow declaratory judgment plaintiffs to manipulate the personal jurisdiction analysis by including a frivolous patent-related claim is similarly unfounded. As explained *supra*, the *Akro* decision is consistent with the personal jurisdiction results of the regional circuits and hence the same outcome should be reached regardless of which law is applied. Moreover, the district courts already have ample means for discouraging frivolous claims under F.R.Civ.P. Rule 11 and the state codes of professional responsibility.

iii, 13). This contention is frivolous.[7] Contrary to Luker's assertion, the Federal Circuit expressly recognized that in order for jurisdiction to be maintained consistent with due process, Luker must be amenable to service under the Ohio long-arm statute. (Pet. App. pp. 5a-6a). The Court then went on to note that both the Ohio courts and the Sixth Circuit Court of Appeals have interpreted the "transacting any business" section of the Ohio long-arm statute as extending personal jurisdiction "to the greatest reach consistent with due process." (Pet. App. p. 6a). As such, the Federal Circuit noted that the requirements of the Ohio long-arm statute are satisfied whenever the Constitutional requirements are met. Accordingly, the Federal Circuit completed both inquiries in a single jurisdictional analysis. Such an approach is in complete compliance with *Omni Capital Int'l v. Rudolf Wolff & Co.*, 484 U.S. 97 (1987), and has been routinely adopted by the regional circuits. *See e.g., R.L. Lipton Distrib. Co. v. Dribeck Importers Inc.*, 811 F.2d 967, 969 (6th Cir. 1987).

Luker's contention that the Federal Circuit erred by looking to prior Supreme Court precedent instead of following three cases[8] that "directly address . . . the relationship between a patent license agreement and declaratory judgment actions for patent invalidity" is similarly

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[7] Although Luker's petition does not contend that jurisdiction would not lie under the Ohio long-arm statute, such a contention would be equally baseless as the Ohio courts have exercised jurisdiction on a range of factual circumstances that would clearly encompass those at issue here. *See, e.g., Kentucky Oaks Mall Co. v. Mitchell's Formal Wear, Inc.*, 559 N.E. 2d 477, 480 (Ohio 1990), *cert. denied*, 499 U.S. 975 (1991) (finding that jurisdiction existed under the Ohio long-arm statute based on the defendant's entering into an agreement with an Ohio resident that required continuing obligations).

[8] Luker cites to *Hydraulics Unlimited Mfg. v. B/J Mfg.*, 449 F.2d 775, 777 (10th Cir. 1971); *Unistrut v. Baldwin*, 815 F. Supp. 1025, 1027 (E.D. Mich. 1993); *Shepard's McGraw-Hill, Inc. v. Legalsoft Corp.*, 769 F. Supp. 1161, 1165 (D. Colo. 1991).

unavailing. (Pet. p. 15). As noted by the Federal Circuit in its decision below, each case Luker cites expressly declined to reach the question before the Federal Circuit—whether contacts which included actions relating to a patent license agreement were Constitutionally sufficient to confer personal jurisdiction on a defendant in a declaratory judgment action for patent invalidity. (Pet. App. p. 15a). Instead, these cases were decided under the various state long-arm statutes at issue, and as such, simply cannot provide insight as to whether Luker's contacts are sufficient under the Ohio long-arm statute or the due process clause.[9]

Furthermore, in arguing that these cases are controlling, Luker necessarily assumes that the Federal Circuit found that the license agreement alone was sufficient to confer jurisdiction over Luker. However, the Federal Circuit's decision was clearly predicated on the combination of all Luker's activities in Ohio related to the '602 patent and the injury forming the basis of Akro's complaint. In addition to Luker's licensing activities, these contacts included numerous threatening letters and the continuing obligations created by the license. Accordingly, the Federal Circuit correctly recognized that the cases Luker cited were inapplicable [10] and instead looked to Supreme Court precedent to determine whether Luker's contacts with Ohio were sufficiently related to Akro's present cause of action such that the exercise of personal jurisdiction over Luker was Constitutionally permissible.

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[9] Pursuant to this Court's Rule 14.1(a), the issue of whether the Federal Circuit should have followed the cases Luker cites is not even properly before this Court, as this issue was not set forth as part of Luker's second question, nor is it subsidiary to that question.

[10] Luker also fails to explain why the Federal Circuit should be bound by decisions of two federal district courts or the Tenth Circuit Court of Appeals.

III. THE FEDERAL CIRCUIT'S DECISION SERVES TO DISCOURAGE PATENTEES AND THEIR LICENSEES FROM USING GROUNDLESS INFRINGEMENT ALLEGATIONS TO HARM COMPETITORS, AND HENCE POLICY CONSIDERATIONS WEIGH AGAINST, NOT FOR, CRAFTING AN EXCEPTION TO THIS COURT'S PERSONAL JURISDICTION RULES FOR THE FACTUAL SCENARIO PRESENTED IN THIS CASE.

As recognized by the Federal Circuit, patentees such as Luker can use groundless infringement allegations coupled with threats of litigation to restrain the production of goods. (Pet. App. p. 17a). A corporation receiving such accusations and threats is harmed in that it is forced to operate its business under the cloud of being an accused infringer. As recognized by this Court, the state of Ohio has a manifest interest in protecting the production of products within its boundaries and discouraging injuries such as those Luker has inflicted on Akro through his groundless accusations.[11] *See Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 473 (1985). This interest is served by allowing the accused infringer the opportunity to sue the threatening patentee in a convenient forum.

Luker argues that the decision below will have a chilling effect on patentees providing notice of potential patent infringement, which in turn will hamper the goal of settling as many disputes as possible short of litigation. This argument fails for numerous reasons. First, Luker's argument assumes that the Federal Circuit based its jurisdictional finding solely on Luker's notification to

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[11] In fact, Ohio is the only jurisdiction that has any real interest in the present dispute. Luker's activities have placed a cloud over Akro's activities in Ohio, and in a larger sense, have had a chilling effect on commerce in Ohio. In contrast, there is no evidence that litigating this dispute in Ohio will subject Luker to any undue burden, and in fact, all of Luker's dealings with the '602 patent as it concerns Akro have been in Ohio.

Akro that Akro was potentially infringing the '602 patent. (*See* Pet. p. 16, which states "any rule which establishes personal jurisdiction based solely upon the patentee's notification sent to a potential infringer in the forum state is unjust"). Contrary to this assumption, the opinion below makes clear that the finding was based on the combination of all the activities Luker purposefully undertook in Ohio, including the notification letter, Luker's threatening letters, Luker's license of the '602 patent to a competitor of Akro in Ohio, and the continuing obligations Luker undertook pursuant to that license.[12] Accordingly, the decision below will simply not have the "chilling effect" Luker claims will occur.

Furthermore, Luker's argument also assumes that patentees do not have the option of filing a complaint against an alleged infringer and then attempting to settle the dispute before proceeding in earnest with the litigation.[13] Finally, as discussed above, the danger that finding jurisdiction in this case will chill settlement negotiations is not so much an attack on the question of personal jurisdiction as an expression of Luker's dislike for declatory judgment actions which enable a party falsely accused of infringement to intiate an action in its home

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[12] While in arguing policy Luker finds it convenient to read the Federal Circuit opinion as being based solely on a single infringement letter, in arguing that the decision below conflicts with the decisions of the regional circuits, Luker assumes the decision below was based solely on the license agreement. The Federal Circuit expressly notes that it considered the totality of Luker's contacts with the state of Ohio in resolving the jurisdictional question. Luker's attempts to characterize the decision below as being based on whatever selected facts best support the argument he is making at any one time simply reflects the lack of basis for all Luker's alleged errors by the court below.

[13] Courts routinely grant stays for such settlement efforts, and in fact, they are often more successful subsequent to filing suit since limited discovery by the parties may provide information which convinces both sides that settling the dispute is in their best interests.

forum to establish that the patent in question is invalid and/or not infringed. This Court's controlling precedent on personal jurisdiction under the due process clause provides ample protection to patentees and accused infringers. Accordingly, Luker's "policy" argument is unavailing as the decision by the Federal Circuit in this case clearly promotes appropriate behavior by patentees and accused infringers as opposed to presenting patentees with the contrived "Hobson's choice" Luker asserts now exists.

CONCLUSION

For all the foregoing reasons, Luker's Petition should be denied.

Respectfully submitted,

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